

# 1 *Bringing Citizen Labour into IPE Scholarship on the Gulf*

Oman's population is a youthful one. Like their peers globally, jobs are at the forefront of many young people's minds. Life choices consume the imagination with visions of what can be. What do you want to do with your life when you finish school, when you finish college or university? What kind of job do you want? These are the questions asked of young people the world over. With over 64 per cent of Oman's population under the age of thirty, dreams of the future might just be a national pastime.<sup>1</sup> Yet, increasingly, young people's dreams are being fractured by the reality that jobs are neither as plentiful nor as secure as they once were, that even the possession of a university or college degree or diploma does not necessarily improve one's chances on the labour market.

This book is interested in young adults in the labour market in Oman. While it centres on Oman, and Omanis, this is very much a story relevant for Gulf economies and for oil-dependent and foreign labour-dependent countries elsewhere. A dominant feature of Gulf economies since the early twentieth century has been the presence of, and economic dependence on, hydrocarbon export. This unsurprisingly structures much political economy analysis of the region, with questions probing the causal relationship between oil and various economic and political outcomes. Yet in most of these inquiries, Gulf citizens fall to the background. What happens when we shift the entry point from oil to human beings, or in this case, from one factor of production to another – labour? Fresh insights can be derived by asking new questions and reorienting our research. Such analytical shifts do not mean hydrocarbons hold less importance but signal that we lose valuable comparative insights by focusing on one analytical puzzle and emphasising exceptional narratives rather than comparative and transnational ones.

<sup>1</sup> NCSI, 'Statistical Year Book 2021' (Muscat: National Centre for Statistics and Information, August 2021), 66, [www.ncsi.gov.om/Elibrary/](http://www.ncsi.gov.om/Elibrary/).

This book represents a new direction in international political economy (IPE) research on the Gulf. In it, I shift from the rentier state entry point in scholarship on oil-exporting countries and begin with labour. That is, this book shows how to take labour seriously in Gulf development governance discourses and does this by dislodging labour from the margins of IPE analysis. Centring Omani voices, experiences, and economic governance histories, I explain the ways through which Oman's young citizens navigate and interpret the labour market in parallel with the conditions and trajectories that have shaped the contemporary labour market milieu. My central argument is twofold. Oman's labour market is global; and Omani labour must be understood *globally* and *relationally* – within and beyond segmentation. Explaining the position, experiences, and contradictions of Gulf labour, especially of youth, requires grounding an understanding of locally segmented labour markets within the wider global political economy. It also requires understanding labour and class relations amongst citizens and foreigners. The ways millennials perceive economic life and the governance of their participation in it are shaped by the constitution and reconfiguration of the global labour market, the ways governance unfolds at multiple scales, and the promises and discourses concerning national development. Gulf labour markets are both a direction for global labour and a space of formation for the global labour market and for class. In the chapters that follow, I unpack this argument through seven sub-arguments:

- Gulf labour markets are global and subject to capitalist pressures present in labour markets globally. Simultaneously, Gulf labour markets and economies present economic nationalist sentiments and pressures.
- The presence and formation of a global Gulf labour market mediates and shapes the ways in which Gulf labour of any citizenship performs labour and participates in economic activities. This global character is therefore a key component of class formation and social relations.
- Labour's contemporary governance, regulatory, and resistance milieus have lineages that extend from the colonial and oil industry labour practices and discourses through the era of neoliberal reform to the present.
- Gulf economies are both rentier and neoliberal. Rather than challenging neoliberalism, rentierism has gone to bed with it. The labour

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market and related economic reform areas illustrate this dysfunctional relationship well.

- Young Omanis, despite their legal belonging vis-à-vis political citizenship, face multiple exclusions in their economic citizenship.
- Millennial citizen expectations take shape in the interaction of perceived outcomes from economic globalisation, neoliberalism, and government responsibilities for governing hydrocarbon windfalls.
- Evidence from Oman suggests that Gulf states react to public pressure during periods (or expected periods) of social unrest especially around issues of national unemployment. Three policy reform areas highlight these reactions: (1) labour nationalisation, (2) labour migration control, and (3) entrepreneurship promotion.

Centring the Omani story, often relegated to the margins of Gulf and Middle East Studies scholarship, and centring labour illustrates other dimensions of the development trajectory and the transnational, shared connections and transformations of local and regional economic life and its governance. Uniquely, this book treats Gulf labour markets as part of the story of global labour, viewing connections between transformations across multiple levels of global labour governance. It takes citizen youth seriously and enters its analysis with the largest generation in the region at the core. By looking at young citizens in the labour market, we are able to understand Gulf economies in ways previously unexplored. The Sultanate of Oman takes centre stage as the empirical focus and driving data. Through this case and this book, I demonstrate how using labour as a departure point provides novel interpretations of economic transformations, economic history, and economic policy in the Gulf. This exhibits the potential and value of including the region in debates on the comparative and global political economy of development.

### 1.1 *Setting the Stage*

Youth economic dreams emerge in the context of a country and region that has experienced dramatic economic growth and social change over the past fifty years. Parents and grandparents of today's millennials witnessed a visible expansion of economic opportunities and radical improvements in human development indicators. Literacy rates in Oman leapt from 36.2 per cent in 1980 to 96 per cent in 2017,

with youth literacy at nearly 99 per cent today. Life expectancy increased from 50 years of age in 1970 to 77.9 in 2019.<sup>2</sup> Oil-led growth supported quality infrastructure, health care, and educational development. It also underpinned the establishment of a large public sector that became a major employer of citizens across the country. From serving in burgeoning national bureaucracies, an expanding security apparatus, and various functions in the local *baladīyyāt* (municipalities), public sector employment expanded alongside the employment and economic opportunities in the oil industry. Millennial dreams have been influenced by such expectation structures.

The uprisings of 2011 abruptly attuned the Omani and Gulf political space to potential political outcomes of unrequited millennial dreams and expectations. The size and scale of the protests and level of civil unrest between February and May represented one of the largest and most widespread social movements in Oman since the end of the Dhofar war in 1976. Among the economic demands were loud calls for jobs, for social protection for the unemployed, for increasing the minimum wage, and for more higher educational opportunities. Government officials were surprised and alarmed by the intensity of the demands. Protests emerged across most of the major population centres including Muscat, Salalah, and Sur, but they were most severe in Sohar. The promised employment opportunities from economic windfalls after years of reform and economic investment in diversification initiatives and industrialisation in places like Sohar were not trickling down. Educated and unskilled young people alike felt ignored and isolated from systems and institutions perceived as corrupt, lacking transparency, and exclusionary to young citizens.

Today, millennial dreams continue to emerge in a context of high youth unemployment in the country and wider Arab world and in a context of uncertain economic futures under post-oil wealth conditions. Omani youth unemployment is felt everywhere: 90 per cent of Omani families have jobseekers in them according to the latest census.<sup>3</sup> If 2011 made policymakers more acutely aware of youth labour market demands, the long 2010s should have driven the message home. Trending social media hashtags between 2017 and 2021 in

<sup>2</sup> 'World Development Indicators' (World Bank Databank, 2019), <https://databank.worldbank.org/reports.aspx?source=world-development-indicators#>.

<sup>3</sup> 'al-Ta'dād al-īliktrūniyy l-lsukān wa-l-masākin wa-l-munsha'āt 2020' (Muscat: NCSI, January 2021), 59, [www.ncsi.gov.om/Elibrary/](http://www.ncsi.gov.om/Elibrary/).

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Oman included *‘Umānīyūn bilā waḡā’if* (Omanis without jobs), *bāḡhthūn ‘an ‘amal yastaghīthūn* (Jobseekers are calling out), and *mwūlāy at-tawḡif maṭlabunā* (My lord, jobs are our demand). The census shows that it takes over half of Omani jobseekers three or more years to find a job. This rises to 67 per cent for those looking for their first job.<sup>4</sup> Estimates of youth unemployment in the country are inconsistent and controversial. Calculating from the official census data shows an unemployment rate of 8.02 per cent, with unemployment among those aged fifteen to thirty-four reaching 17.10 per cent.<sup>5</sup> A World Bank report claims youth unemployment may even be as high as 49 per cent, and recent ILO data estimates the percentage of youth not in employment, education, or training is 22.6 per cent.<sup>6</sup> What is clear from these estimates and from conversations with young people, their families, and employers around the country is that these issues are real and feel palpable among youth. Indeed, 74 per cent of the country’s registered jobseekers are under the age of thirty.<sup>7</sup> Dreams risk turning into disillusionment and disenfranchisement.

In addition to being young, Oman’s population is also diverse. This diversity stems not only from its own population but especially from the vast number of foreigners flocking to the country for economic opportunities. Only a little over half of Oman’s population are citizens, a feature that the government is keen to emphasise. That is, it wishes to highlight that there are more citizens than foreigners in the country in contrast with the much larger demographic ‘imbalances’ in some of Oman’s smaller Gulf neighbours like the United Arab Emirates (UAE) and Qatar. Local dailies regularly mention this feature, and the welcome page of the National Centre for Statistics and Information keeps readers abreast of the current numbers with a live population clock.<sup>8</sup> Yet the country looks less demographically ‘balanced’ with a view of

<sup>4</sup> ‘al-Ta’dād al-iliktrūniyy l-lsukān wa-l-masākin wa-l-munsha’āt 2020’, 65.

<sup>5</sup> This is calculated on the basis of the registered number of jobseekers ÷ labour force x 100. ‘Ta’dād 2020’.

<sup>6</sup> World Bank, ‘Oman’s Economic Outlook – April 2018’ (Washington, DC: World Bank, 16 April 2018), [www.worldbank.org/en/country/gcc/publication/economic-outlook-april-2018-oman](http://www.worldbank.org/en/country/gcc/publication/economic-outlook-april-2018-oman); ‘Statistics on Youth’ (International Labour Organization, 2022), <https://ilostat.ilo.org/topics/youth/>.

<sup>7</sup> ‘al-Shabāb: silsilat al-iḡṣā’āt al-mujtam’iyya (Muscat: National Centre for Statistics and Information, 2018), 16.

<sup>8</sup> National Centre for Statistics and Information (NCSI), 2021, [www.ncsi.gov.om/Pages/NCSI.aspx](http://www.ncsi.gov.om/Pages/NCSI.aspx).

the private sector labour market, where Omanis only hold 12.5 per cent of jobs.<sup>9</sup>

Herein lies an enduring policy paradox at the heart of economic governance in Oman. Local and international capital interests demand access to global, competitively priced labour flows while, at the same time, unemployment among educated graduates rises. Saudi Arabia and Bahrain face similar tensions. Even in wealthier members of the GCC, demands for youth employment have emerged, often alongside more xenophobic concerns about cultural erosion or economic leakage from remittance flows. Here, the pressure is not as much about jobless rates as the creation of meaningful jobs in the context of bloated, redundant public sectors and unfulfilled dreams of potential and contribution.<sup>10</sup> Such demands underline how the expectations of what the state should provide, and the conditions it should create, are powerful drivers of social sentiment and pressure points. This paradox also lays bare the tension between neoliberalising pressures, rentier economic characteristics, and nationalist regulatory pressures. That is, when does the state regulate in favour of protecting citizen labour, and when does it do so to accommodate private sector interests? This tension is a thread running through this book, present from the historic context wherein today's labour structures emerged, as we see in Chapter 3, through to the present.

## 1.2 Understanding Labour in a Rentier World

Gulf labour markets are intensely global. It is one of the first things outside observers notice about Gulf cities when they visit. The sheer diversity and visibility of multiple ethnicities from across the Indian Ocean and the Middle East make these economic spaces instantly interesting. Yet IPE scholarship on the region is dominated by the analysis of another major feature of Gulf economies – the importance of oil and gas in the modern development story.<sup>11</sup> Rentier state

<sup>9</sup> Ministry of Manpower, 'Open Data', 2019, [www.manpower.gov.om/OpenData/home/home](http://www.manpower.gov.om/OpenData/home/home).

<sup>10</sup> Abeer Allam, 'Kuwaitisation: Youth Demands Action to Meet Expectations', *Financial Times*, 23 April 2013, [www.ft.com/content/9fda70fc-a81d-11e2-b031-00144feabdc0](http://www.ft.com/content/9fda70fc-a81d-11e2-b031-00144feabdc0).

<sup>11</sup> The term 'rentier' defines states with a heavy reliance on resource revenue as a percentage of government income and export earnings. By this definition, Oman

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literature has provided rich theorising on the region over several decades, advancing our understandings of how oil rent impacts politics, economics, and society in resource-dependent economies.<sup>12</sup> Newer generations of scholarship on the resource curse from both quantitative and qualitative traditions, which Sean Yom calls ‘revisionist’, have developed sophisticated and increasingly nuanced theorising on rentierism that IPE scholarship draws on.<sup>13</sup> Outside of this contribution,

- is a rentier state. Among rentiers, Gulf states are often considered archetypal, and much of the theorising on the causal impact of rent on politics emerges from these cases rather than other oil-wealthy countries. The generation of hypotheses around these links has led to well-debated contradictions and shortcomings in the literature, as shown by Benjamin Smith and David Waldner, *Rethinking the Resource Curse* (Cambridge: Cambridge University Press, 2021), among others.
- <sup>12</sup> Hazem Beblawi and Giacomo Luciani, *The Rentier State* (New York: Routledge, 1987); Kiren Aziz Chaudhry, ‘Economic Liberalization and the Lineages of the Rentier State’, *Comparative Politics* 27, no. 1 (1994): 1–25, <https://doi.org/10.2307/422215>; Donald L. Losman, ‘The Rentier State and National Oil Companies: An Economic And Political Perspective’, *The Middle East Journal* 64 (Summer 2010): 427–45, <https://doi.org/10.3751/64.3.15>; Matthew Gray, ‘A Theory of “Late Rentierism” in the Arab States of the Gulf’, Center for International and Regional Studies Georgetown University School of Foreign Service in Qatar, Occasional Paper, no. 7 (2011); Mehran Kamrava, ed., *Political Economy of the Persian Gulf*, 1st ed. (Oxford: Oxford University Press, 2012); Marc Lynch and Michael Herb, eds., *The Politics of Rentier States in the Gulf* (Washington, DC: POMEPS, 2019), <https://pomeps.org/pomeps-studies-33-the-politics-of-rentier-states-in-the-gulf>; Michael L. Ross, ‘Does Oil Hinder Democracy?’, *World Politics* 53, no. 3 (2001): 325–61, <https://doi.org/10.1353/wp.2001.0011>; Michael L. Ross, ‘Oil, Islam, and Women’, *American Political Science Review* 102, no. 1 (February 2008): 107–23, <https://doi.org/10.1017/S0003055408080040>.
- <sup>13</sup> David Waldner and Benjamin Smith, ‘Rentier States and State Transformations’, in *The Oxford Handbook of Transformations of the State*, ed. Stephan Leibfried et al. (Oxford: Oxford University Press, 2015), <https://doi.org/10.1093/oxfordhb/9780199691586.013.38>; Jessie Moritz, ‘Reformers and the Rentier State: Re-Evaluating the Co-Optation Mechanism in Rentier State Theory’, *Journal of Arabian Studies* 8, no. 1 (2018): 46–64, <https://doi.org/10.1080/21534764.2018.1546933>; Jessie Moritz, ‘Re-Conceptualizing Civil Society in Rentier States’, *British Journal of Middle Eastern Studies* 47, no. 1 (2020): 136–51, <https://doi.org/10.1080/13530194.2020.1714268>; Michael Herb, ‘No Representation without Taxation? Rents, Development, and Democracy’, *Comparative Politics* 37, no. 3 (1 April 2005): 297–316, <https://doi.org/10.2307/20072891>; Lynch and Herb, *The Politics of Rentier States in the Gulf*; Sean L. Yom, ‘Oil, Coalitions, and Regime Durability: The Origins and Persistence of Popular Rentierism in Kuwait’, *Studies in Comparative International Development* 46, no. 2 (1 June 2011): 217–41, <https://doi.org/10.1007/s12116-011-9087-y>; Martin Beck and Thomas Richter, eds., *Oil and the*

however, IPE has largely ignored the region.<sup>14</sup> This book does not disregard rentier state research but instead shows how IPE scholarship can also be enriched by situating other units at the centre of analysis, in this case, labour.

Certainly, Gulf labour markets are impacted by the huge role of hydrocarbons in the modern development of the region. Since the oil discoveries in the early twentieth century and especially following the first oil boom beginning in 1973, the heightened importance of oil and its dominance in the regional economic landscape necessarily influenced the type, availability, and structure of work. The influx of oil income not only funded institutional growth and the development of huge public sectors but also increased the demand for labour across many sectors of the economy. The birth and growth of extractive industries in the region created the foundation for two addictions that have become deep structural features of Gulf economies – an addiction to oil revenue and to foreign labour. It is both using these resources productively and shaking these addictions prodigiously that consume the economic planning policy space.<sup>15</sup>

*Political Economy in the Middle East: Post-2014 Adjustment Policies of the Arab Gulf and Beyond* (Manchester: Manchester University Press, 2021).

- <sup>14</sup> Hannes Baumann and Roberto Roccu, 'International Political Economy and the State in the Middle East', *Globalizations* (2023): 1–13, <https://doi.org/10.1080/14747731.2023.2223951>; Hannes Baumann, 'Avatars of Eurocentrism in International Political Economy Textbooks: The Case of the Middle East and North Africa', *Politics*, 28 October 2021, <https://doi.org/10.1177/02633957211054739>; Erin A. Snider, 'International Political Economy and the New Middle East', *PS: Political Science & Politics* 50, no. 3 (July 2017): 664–67, <https://doi.org/10.1017/S104909651700035X>.

- <sup>15</sup> Michael Herb and Steffen Hertog have made large contributions both to understanding Gulf labour markets under conditions of resource abundance and to situating political or economic outcomes in the region in comparative frameworks. Comparative politics work that includes the Gulf is rare, making their contribution all the more valuable. Their treatments and the value of their findings thus underscore the necessity of further developing such analysis. Michael Herb, *The Wages of Oil: Parliaments and Economic Development in Kuwait and the UAE* (Ithaca, NY: Cornell University Press, 2014); Steffen Hertog, 'State and Private Sector in the GCC after the Arab Uprisings', *Journal of Arabian Studies* 3, no. 2 (2013): 174–95, <https://doi.org/10.1080/21534764.2013.863678>; Steffen Hertog, 'Defying the Resource Curse: Explaining Successful State-Owned Enterprises in Rentier States', *World Politics* 62, no. 2 (2010): 261–301, <https://doi.org/10.1017/S0043887110000055>; Steffen Hertog, *Princes, Brokers, and Bureaucrats: Oil and the State in Saudi Arabia* (Ithaca, NY: Cornell University Press, 2010).



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In fact, when you speak to policymakers, business owners, or managers in Oman over the last decade, the almost universal comment is that creating employment is the major national concern. Oman is among the countries Herb describes as ‘middling’ rentiers, which he contrasts with the wealthier, ‘extreme rentiers’ Kuwait, Qatar, and the UAE.<sup>16</sup> Extreme rentiers are those that are extremely hydrocarbon wealthy with small populations; and middling rentiers – Bahrain, Oman, and Saudi Arabia – are those with relatively lower resource income but larger indigenous populations to employ. Oil rents, as Herb argues, facilitated ‘badly distorted’ labour markets in the extreme rentiers.<sup>17</sup> While his work focuses on extreme rentier cases, this book attends to a middling one. Herb’s focus on the labour market to study the relationship between political outcomes and rentierism, one of the rarer political economy works to do so, is important but still begins with oil. Here, I instead centre the margins, labour and Oman, to trace other trajectories alongside and beyond, as well as before and after, oil.

Domestic and regional structures of oil economies do not materialise in a vacuum and thus are not the whole story influencing the shape of labour markets in the region. Movements of capital and labour from and across the region are features intimately tied to global economic transformations, vital for understanding Gulf political economy. Scholars like Hanieh, Khalili, Mitchell, and Vitalis have made essential contributions to what transformations in oil and capital have meant for the region and the global political economy.<sup>18</sup> In particular, Hanieh’s starting point of capitalism and Khalili’s on logistics and transportation infrastructure demonstrate clearly the crucial advances we can make in examining the region in transnational and global patterns by varying our departure points and primary analytical foci. With a view of the global economy, Hanieh has documented how the Gulf is ‘fully capitalist and subject to the same dynamics as other

<sup>16</sup> Herb, *The Wages of Oil*, 14.      <sup>17</sup> Herb, *The Wages of Oil*, 184.

<sup>18</sup> Adam Hanieh, *Capitalism and Class in the Gulf Arab States* (New York: Palgrave Macmillan, 2011); Adam Hanieh, *Money, Markets, and Monarchies: The Gulf Cooperation Council and the Political Economy of the Contemporary Middle East* (Cambridge: Cambridge University Press, 2018); Laleh Khalili, *Sinews of War and Trade: Shipping and Capitalism in the Arabian Peninsula* (London: Verso Books, 2020); Timothy Mitchell, *Carbon Democracy: Political Power in the Age of Oil* (London; New York: Verso Books, 2011); Robert Vitalis, *America’s Kingdom: Mythmaking on the Saudi Oil Frontier* (Stanford: Stanford University Press, 2007).

neighbouring states'.<sup>19</sup> Such dynamics portended dramatic shifts in global production networks based on capital's search for cheaper more flexible labour. This story of global labour, and the re-erosion of labour's power relative to capital, has underpinned and perpetuated systems of hierarchy, unequal power, and structural exclusions in Gulf political economies.

In conversation with this literature, I view Gulf labour markets as global. They exist within the 'global economy that is part of the actual essence of the Gulf itself'.<sup>20</sup> Drawing on an expanding scholarship on the international political economy of labour allows me to develop and substantiate my conceptualisation of *global* Gulf labour markets in contrast with their usual description as particular national spaces.<sup>21</sup> The shape and the past, present, and future of labour in the Gulf is tied up in the development of what Henk Overbeek calls 'a global labour market'.<sup>22</sup> That is, the trajectory and continuity of the Gulf's reliance on low-cost, available, and flexible labour from across Asia is entangled within Asia's transformation into 'a continent of labour'.<sup>23</sup> As Daeoup Chang has persuasively shown, the development and rise of Asia has lifted people out of absolute poverty by creating jobs but simultaneously pushed the labouring classes into various forms of wage labour and capitalist social relations where the vast majority of Asia's labour force suffers under low paying, insecure, and informal

<sup>19</sup> Adam Hanieh, *Lineages of Revolt: Issues of Contemporary Capitalism in the Middle East* (Chicago: Haymarket Books, 2013), 124.

<sup>20</sup> Hanieh, *Capitalism and Class in the Gulf Arab States*, 16.

<sup>21</sup> Jeffrey Harrod, 'Towards an International Political Economy of Labour', in *Global Unions? Theory and Strategies of Organized Labour in the Global Political Economy*, ed. Jeffrey Harrod and Robert O'Brien (London; New York: Routledge, 2002), 49–63; Stephen Castles, 'Migration, Crisis, and the Global Labour Market', *Globalizations* 8, no. 3 (1 June 2011): 311–24, <https://doi.org/10.1080/14747731.2011.576847>; Jon Las Heras, 'International Political Economy of Labour and Gramsci's Methodology of the Subaltern', *The British Journal of Politics and International Relations* 21, no. 2 (2019): 462–80, <https://doi.org/10.1177/1369148118815403>; Jon Las Heras, 'International Political Economy of Labour and Collective Bargaining in the Automotive Industry', *Competition & Change* 22, no. 3 (2018): 313–31, <https://doi.org/10.1177/1024529418764350>.

<sup>22</sup> Henk Overbeek, 'Neoliberalism and the Regulation of Global Labor Mobility', *The Annals of the American Academy of Political and Social Science* 581, no. 1 (1 May 2002): 78, <https://doi.org/10.1177/000271620258100108>.

<sup>23</sup> Daeoup Chang, 'From Global Factory to Continent of Labour: Labour and Development in Asia', *Asian Labour Review* 1, no. 1 (1 January 2015): 5–48.